

Highlands at Stonegate North Condominiums **RULES AND REGULATIONS**

August 2004

**These Rules & Regulations dated August 2004
supersede any and all previous Rules and Regulations.**

NOTE:

The governing documents of the Association are the Condominium Declaration of the Highlands at Stonegate North (hereinafter referred to as HASN) recorded at reception number 2003060583 of the Douglas County records (“CC&R’s”), the Articles of Incorporation, the Bylaws and these Rules and Regulations are herein after referred to as the “governing documents.” In the event of a conflict between these documents, the CC&R’s shall prevail followed by the Bylaws. Buyers should read and review all governing documents prior to signing any contract or closing upon ownership of a condominium unit.

Please be reminded this document highlights many of the common issues that surface, but is by no means exhaustive. These Rules and Regulations are not comprehensive and are intended to supplement and or enhance the CC&R’s and Bylaws. The Board may adopt individual Rules and Regulations at particular times and amend these Rules and Regulations from time to time. For clarification, fuller explanation or additional information, owners and tenants should refer to the CC&R’s and the Bylaws. Copies of all governing documents are available from the Property Manager.

INTRODUCTION

Acting on the authority granted by the Board of Directors (the “Board”) of the Highlands at Stonegate North Condominiums, a Colorado non-profit corporation (the “Association”), the Association is empowered by the Articles of Incorporation, the Bylaws, the Colorado Common Interest Ownership Act in 38-33.3-302(i)(k) and the CC&R’s to adopt and enforce such rules and regulations as it deems advisable for the operation and governance of the Association. The Board is publishing this booklet with two purposes in mind:

1. To provide a set of guidelines that will address issues, which may not be specifically detailed in the CC&R’s and to present those and other guidelines in a clearer, more concise manner.
2. To ensure all owners and residents are aware of the Association’s policies and procedures and information.

Highlands at Stonegate North Condominiums

RULES AND REGULATIONS

August 2004

I. ASSOCIATION STRUCTURE

A. Board of Directors

The Association is a non-profit corporation, which is governed by its Board of Directors. After transition from Declarant control, the Board will be a volunteer group of homeowners who meet on a regular basis to conduct the business of the Association; that is, to exercise discretion, reasonable efforts, and reasonable business judgment; to keep up maintenance and repairs as needed; to take steps to ensure all contractors are honoring their service agreements; and to ensure that violations of the governing documents are corrected. Directors are elected during regular annual meetings by a quorum of homeowners or are appointed to the Board to fill vacancies. Appointments to fill vacated positions will remain in place until the term expires. All board-member terms are for three (3) years and are staggered so that 1/3 of the Board comes up for election each year. The Board chooses officer positions, such as president and secretary, each year after the annual meeting.

B. Board Meetings

The Board meets with the Property Management Company (Property Manager) and other contracted representative(s) on a regular basis. When the Board is Owner controlled, a schedule of meetings will be published. All owners are welcome at the meetings to participate during the agenda item allowing such concerns. If an owner wishes to discuss a specific issue at a meeting, he or she should notify the Property Manager at least 10 days prior to the meeting so that issue can be placed on the agenda. The Board will limit the time allowed for any one speaker to hold the floor. Robert's Rules of Order govern meeting procedures.

C. Design Review Committee (DRC) - Actions Requiring Board Approval

The Design Review Committee (DRC) must approve any alteration to the exterior of a Unit. To obtain approval for such actions, owners must submit a written request to the Property Manager. Owners are responsible for obtaining a receipt indicating the date on which they submitted their request. The Board, acting as the DRC, shall approve or deny all submissions within thirty (30) days after the next scheduled Board Meeting. Examples of items needing prior permission include, but are not limited to, screen doors and satellite dishes. If you are unsure about any item or request, it is your responsibility to contact the Property Manager.

II. PORCHES / PATIOS / DECKS (Limited Common Elements)

Limited common element "means those parts of the common elements that are either limited to and reserved for the exclusive use of an owner of a condominium unit or are limited to and reserved for the common use of more than one but fewer than all of the unit owners."

A. Appearance

Residents must keep their porches, patios, and decks neat, clean, and free from debris. This includes (but is not limited to) immediate pickup and removal of animal excrement.

Storage of personal items on porches, decks, or patios is prohibited with the exception of reasonable patio furniture (as detailed below), specifically designed for outdoor use. No trashcans are permitted.

B. Bicycles

Bicycles must be stored inside the unit. They are not permitted to be stored on your porch/patio/deck, sidewalks, or Common Elements.

C. Prohibited Items

1. Items or conditions that are strictly prohibited include, but are not limited to, any condition deemed to be unsightly, that creates a liability or monetary cost to the Association, that endangers the health or safety of the residents of the Community, that poses a fire hazard or produces any noxious or offensive odors, and the storage of any item(s) that may attract insect or other parasitic infestation, as determined by the Board.
2. Residents may not dry clothes outside on clotheslines, drying racks, porch/patio/deck railings, etc. Awnings, shutters, sunshades, window coverings, or other projections that are attached to an exterior wall or building surface are not permitted.

D. Permitted Items

1. Front Porches/Patios: Front porches must be kept in a clean and attractive manner. Reasonable amounts of patio furniture and decorations, potted plants, etc. are permitted, but residents are asked to exercise extreme discretion when attaching items to the buildings. Very small nails or screws must be used so as to prevent damaging the siding.
2. Side and Upper Patios / Decks: Only one (1) propane barbecue grill is permitted per unit. All other forms of cooking apparatus, grills, smokers, etc., are strictly prohibited. Anything that could pose a hazard or attract insects is strictly prohibited. The only other items permitted are a reasonable amount of outdoor furniture, flowerpots and one (1) storage container suitable for outside use. The container should be flat against a wall and block view from or to the patio. Toys, shovels, coolers and other personal items should not be stored on any patio.

III. COMMON ELEMENTS

Common Elements shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. Basically, everything outside of your front door past your patio confines is Common Elements with the exception of the garage structures.

A. Personal Possessions

Personal possessions (stereos, tools, bicycles, patio furniture, tents, toys, BBQ grills, etc.) must not be left in the Common Elements, parking areas, streets or sidewalks. The Association disclaims any and all liability for any article left in any Common Elements or any resulting injury as a result of such personal items being left unattended. Personal items left in the Common Area will be considered abandoned and may be removed without any warning.

B. Recreational Activities

Motorized scooters and such activities as street hockey are prohibited. Owners are encouraged to utilize off-site facilities, such as those provided by the Master Association, for roller blades, skateboards, in-line skates, etc.

C. Structures

Residents and guests are not permitted to climb/walk on roofs, garages, dumpsters, fences, railings and/or retaining walls.

D. Property Damage

1. Owners are responsible for any damage to any property (landscaped areas, structures, carports, and sprinkler apparatus, etc.) or injury to guests, tenants, etc., due to their own actions or actions of their family members, residents, guests, or pets, etc. the Association disclaims any and all liability for any such activities conducted in the Community.
2. Owners, tenants, guests, and their family members are not allowed to make any use of the Common Elements so close to the buildings or parked vehicles as to create a danger to the structure/ vehicle or cause Common Elements or personal property damage.

IV. MAINTENANCE

A. Association Responsibilities

1. Exterior Building Maintenance: The Association shall provide for the repair, maintenance and/or reconstruction of all of the Common Elements including the Limited Common Elements (except those items provided by the Owner) and shall keep the same attractive, clean, functional and in good repair and may make necessary or desirable alterations or improvements thereon or thereto or replacements thereof as necessary. Please refer to Paragraph 1.12 of the CC&R's for a definition of Common Elements and Exhibit E for a maintenance chart. An owner shall not paint, change or in any way modify the appearance of the exterior of his or her Unit without the prior written approval of the Board of Directors. The Association shall be responsible for the landscaping and maintenance of the Common Elements, and shall have the grass, weeds, trees, and vegetation cut and/or trimmed when necessary. No Owner shall, in whole or part, change the landscaping adjacent to his or her Unit by the addition or removal of any items without the prior written approval of the DRC.

Other Common Elements items include the sprinkler system and its related components (above and below ground), under ground utilities that service more than one unit until such utility is considered to be servicing only a single unit, the streets, curb & gutter, sidewalks, front stoops, all light poles, exterior security lighting and street lights, fire hydrants, trash enclosures, fencing and rails, all landscaping and vegetation (rocks, edging), and other items not specifically listed above that are outside the confines of each unit.

2. Interior Damage from Exterior Leak: The individual homeowner is responsible for repairs, replacement, and maintenance of the interior of his or her unit, including repairs to any utility, pipes or other facilities servicing his or her single unit even if those utilities, pipes or other facilities are contained inside the walls of the unit.

The Association will promptly repair exterior leaks resulted from roof, other exterior or ground leaks, or the intrusion of water through the foundation only after receiving actual notice of same. To the extent an exterior leak from roof, or other exterior or ground leaks, or the intrusion of water through the foundation causes damage to the inside of a unit, the Association, at its sole discretion, may perform interior repairs including, but not limited to sheetrock repair, painting and water extraction, if necessary.

B. Owner Responsibility

1. Maintenance of Individual Units / Limited Common Elements: Each Owner shall keep the interior of his or her Unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and neat condition, and shall do all interior redecorating and interior painting which may at any time be necessary to maintain the good appearance and condition of his or her Unit. This shall include repairs to any utility, pipes or other facilities servicing his or her single unit even if those utilities, pipes or other facilities are contained inside the walls. The Owner of any Unit to which a Limited Common Element is appurtenant shall also keep such Limited Common Element in a clean and neat condition. If a Garage Space is appurtenant to a Unit, the Owner of such Unit (and not the Association) shall be responsible for maintaining the garage door opener and keeping the interior of the garage in a neat and clean condition.

2. Interior Maintenance: The maintenance and repair of the interior of each Unit shall be the responsibility of the Owner. This includes exterior extensions of interior plumbing, electrical, HVAC, or other services not penetrating the roof system. Items such as doorbells, dryer vents, electrical outlets, and other extensions are the responsibility of the Owner. The Association will maintain all extensions that exit the roof system that serve one or more units (furnace vents, jacks, etc.).

3. Garages: Each owner is responsible for the following: repair and/or replacement of the garage door, the door frame (except for structural components) and trim, and related hardware including the opener and tracks.

4. Air Conditioners

a. Installation

Temporary air conditioners (e.g., window mountable units) or similar appliances such as evaporative (swamp) coolers are not permitted.

b. Operation

All central air conditioners (or similar appliances) and any related fixtures are to be maintained in an attractive, clean, quiet, and safe condition. Any air conditioner or similar appliance, which is creating an annoying condition, must be repaired or removed at the owner's expense. Any loss, damage, or expense incurred from their installation, operation or maintenance will be the sole liability of the owner.

5. Side and Upper Patio Areas / Decks (Limited Common Elements): The cleaning and general upkeep (sweeping, tidiness) of these areas are the responsibility of the Owner, specifically including any owner modifications, additions or improvements, which require written DRC approval. Owners are not responsible for repairs or replacement of these areas.

6. Screen/Storm Doors: All screen or storm doors must be of good quality and must be entirely white in color with the exception of the hardware.

7. Windows & Doors

a. *Windows & Doors – Frames*

Owners have the responsibility of replacing all windows and doors, including the frames and hardware. The approval of the DRC must be obtained prior to any replacements, including any upgrades.

b. *Windows – Glass*

When being replaced, the windows must match the existing dimensions and style (e.g., the crossbar/grid design and style of opening [double hung/sliding]). The approval of the DRC must be obtained prior to any replacements.

c. *Window coverings*

Anything other than curtains, drapes, interior shutters, window quilts, blinds, or sunshades are not permitted as window coverings. All window coverings should be white when viewed from the outside.

C. Board Determination of Maintenance Responsibilities

The Board shall exercise reasonable business judgment in determining the respective maintenance responsibilities of the Association and the Owners. Determination of whether such repair or maintenance is the obligation of the Association shall rest solely with the Association, which shall have the sole responsibility for determining the kind and type of materials used in such repair and maintenance. Decisions by the Board shall be final.

V. MISCELLANEOUS

A. Nuisances - Bright Lights/Loud Noises

No noxious or offensive activity shall be carried on in any Unit nor shall anything be done or placed in any unit that is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others. No activities shall be conducted in the Community which is or might be unsafe, hazardous or cause annoyance to any resident; no firearms shall be discharged and no open fires shall be permitted in the Community, no foul or obscene language, no domestic disturbances, and no fireworks. No light shall be emitted from any Unit that is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Unit or automobile that is unreasonably loud or annoying; and no odors shall be emitted from any Unit that are noxious or offensive to others.

B. Soliciting / Flyer Distribution / Advertisement

No forms of solicitation and/or advertisement shall be distributed or displayed within the community. This includes home businesses, Real Estate advertisements, political signs, etc. Signs advertising that a unit is for sale or rent may be placed on the inside of a unit's window

C. Garbage

If a holiday falls on a pickup day, the pickup is delayed one day. Trash is not to be kept on the porch or patio/deck at any time. No hazardous materials, including vehicle batteries, oil, parts, furniture or other items too large for pick-up shall be disposed of.

Please see that all trash is placed in sealed plastic bags. If you have oversized items, please call the Property Manager for a special pick-up and billing. Any trash left outside the dumpster enclosure that is identified may result in assessment fines.

D. Lease/Rental

No leases shall be allowed unless the owner advises the Association of the owner's off site address, a copy of the lease is provided and the owner and tenant(s) comply with all the terms of these Rules. The owner shall provide all tenants(s) with copies of the governing documents including: The Declaration of Covenants and the Rules and Regulations and inform said tenant(s) that all of these governing documents are enforceable against a tenant. Any lease agreement shall provide that the terms shall be subject in all respects to the provisions of the CC&R's and Rules and Regulations, and that any failure by the tenant to comply with the terms shall be a default under the lease and may be grounds for the Association to impose separate fines against and/or evict a tenant. No Units shall be leased for less than six months at a time. Month to month extensions of leases that were originally at least six months shall not be considered a violation of this rule. Short term and hotel type leases and leasing of less than the entire unit is prohibited. A resident Owner that rents to a roommate shall not be deemed in violation of this rule.

E. Antenna / Satellite Dish

Installation of antennas/satellite dishes is permitted; however, the mounting location must be approved by the DRC prior to its installation. Installations on the roofs or siding are strictly prohibited, but the Board will consider applications to install dishes on porch/balcony railings in addition to installations on the stone areas of the buildings.

F. Mailboxes

Mailboxes are the property of the United States Post Office. For information regarding keys, problems with locks, etc., please call the main post office. They can direct you to the proper substation that handles your individual box.

G. Quiet Hours

At all times, residents shall take care to not disturb their neighbors' right to the quiet enjoyment of their property and the neighborhood.

Residents shall take particular care during the evening and early morning hours. Any resident observing a violation of this rule at any time is encouraged to call the Douglas County Sheriff's office to file a noise complaint in addition to filing a written complaint with the Property Manager.

H. Pest Control

The Association provides for the treatment and/or removal of nuisance, biting, or stinging insects/animals, including bees, hornets, wasps, skunks, snakes, and squirrels. Pests not covered are mice, ants, and gnats. For any animal or insect not specifically listed, the Board will use its discretion on a case-by-case basis and decide if the Association covers the removal/treatment.

I. Home or Other Business

Owners may conduct activities within their units so long as the business conducted is clearly secondary to the unit's residential use, the existence or operation of the business is not detectable from the outside, no undue volume of traffic or parking results, the business is lawful and conforms to all zoning requirements and conforms to any rules imposed by the Board of Directors from time to time. **Day care or childcare facilities (licensed or unlicensed) are expressly prohibited.**

VI. Parking and Vehicles

A. Parking

If a garage is appurtenant to a unit, vehicles must be parked in said garage or the space in front of the garage (if applicable) and no garage may be modified so that it prevents parking the number of vehicles in the garage that the garage was designed for. No owner shall use the street, driveways, guest or open parking areas for storage of a vehicle of any kind. All parking shall be subject to the Parking and Access Easement Agreement attached as Exhibit G to the CC&R's. No vehicle of any type shall be parked in the confines of the complex for the purpose of accomplishing repairs or reconstruction thereto except for emergency repairs and then only to enable the movement of the vehicle. Each unit is only allowed to park 2 vehicles within the Community. Additional vehicles must be parked off site. Any vehicle parked in a fire lane, in a designated no parking area, blocking a garage, in violation of the CC&R'S and Rules and Regulations, or constituting a threat to the safety of the community may be immediately towed as provided by law, without further notice. Vehicle owners assume the risk and shall be liable for all fines, towing, and attorneys fees incurred in any violation without liability to the Association. Parking spaces marked "guest" are for the exclusive use of guests and are not to be used by owners/residents. Unmarked spaces are first come first served and shall not be used for the storage of any vehicle. A vehicle shall be considered stored if it has remained in the same space for more than 72 hours. Moving a stored vehicle from one space to another without taking it off the property for at least 8 hours shall not exempt the vehicle from being tagged and/or towed for being stored.

B. Abandoned – Other Vehicles

No trailers, boats, motor homes, commercial vehicles, or inoperable vehicles shall be parked or stored within the confines of the community. All vehicles must display a current vehicle registration, proper number of license plates, and be in both reasonably aesthetic and operable condition. An unlicensed, inoperable, "junk" or unused vehicle is subject to towing at the owner's expense without liability to the Association.

C. Speed

Vehicle speeds (including residents, guests, vendors, and contractors) shall not exceed 10 m.p.h.

D. Vehicles

All vehicles shall meet local noise requirements; automobiles and motorcycles must have mufflers in good working condition. Vehicles also must be properly maintained and not create a disturbance or annoyance to others. Oil changes, brake replacement, fluid changes, or other more involved vehicle repairs are not permitted.

Any damage caused to the community by improperly maintained vehicles will be repaired by the Association and billed to the owner of the Unit. The number of motorized vehicles permitted in any parking space at any given time is limited to one (1). The parking of a motorcycle or other vehicle in addition to a car in a parking space is prohibited.

VII. PETS

A. General

Pets in a Community of this size and proximity can cause serious problems including damage to the Common Elements, defecation, barking and noise, running loose on the Common Elements and risk of injury to children or other persons. These Rules and Regulations are necessary for the health, safety, welfare, comfort and property values of the Association. The Board has adopted the following rules and regulations:

- No pet shall be permitted to run loose anywhere in the community.
- No pet shall be chained or tethered outside any Unit or on any patio or deck or otherwise left unattended.
- When outside, all pet(s) must be on a leash and that leash must be in the hands of the owner or another responsible person.
- No pet shall be permitted to defecate on the walks, driveways, landscape areas, or elsewhere about the buildings and grounds without it being cleaned up immediately. Pet owners are encouraged to carry a water bottle when walking pets on Common Elements in order to dilute urine and prevent damage to the grass or other landscaping.
- No pet shall be allowed to damage the grass, trees, shrubs, or any other portion of the Common Elements. Owners failing to clean up after their pet and dispose of the feces in the dumpster shall be fined on the first offense. If such offense occurs a second time, the owner will be compelled to remove the pet from the community.
- No pet shall be permitted to bark, howl, whine, or otherwise create any obnoxious sound, odor, or disturbance.
- No pet(s) shall be kept for the purpose of breeding, boarding, or any other commercial purposes.

Each owner is limited to a total of **two (2) pets**, for example two cats or two dogs or one cat and one dog. The Association may require registration of dogs and cats as well as a pet security deposit if deemed necessary. All pets must be vaccinated and licensed or tagged according to current local ordinances. Pet ownership is a privilege that may be restricted or prohibited if pet Owners do not exercise the highest level of responsibility for their pets. **Please be considerate of your neighbors if you choose to own pets!!**

B. Owner's Duties

The owner of any pet shall assume any and all liability for the pet and its compliance with the governing documents. The owner of a pet hereby releases the Association, its agents and representatives, from any claims regarding such pet and shall indemnify and hold the Association, its agents and representatives, harmless from any and all liability for bites, enforcement of this Rule, injuries, damages, claims or expenses, including without limitation reasonable attorney's fees, relating to the pet.

The owner of a pet shall insure that it is kept in a clean, quiet, and controlled condition. The owner of a pet agrees the Board may revoke the right of the pet owner if there is any infraction of the governing documents and may require immediate removal of that animal. In addition, the Board may adopt general prohibitions in the future of all dogs or cats or certain types or sizes of dogs or cats. An owner of a Unit shall advise his or her guests, occupants, or tenants of the governing documents, and any future Rules and Regulations, and the owner shall be responsible for compliance by such people, including without limitation, the payment of fines and the removal of any persons dogs or pets from the premises if any violation occur. Any person entering the community shall be deemed to be aware of the governing documents and to agree to comply fully and promptly with these requirements.

VIII. INSURANCE / SECURITY ISSUES

For questions regarding the Master Policy, contact the Property Manager. The Association carries a master policy for all of the Units in the complex. This policy covers the structure and is comprehensive, but does contain some exclusions. All possible claims must first be submitted to the Property Manager who will be responsible for submitting all claims to the insurance company. Due to increasing cost of insurance, the Board of Directors, in its sole discretion, shall determine whether a claim will be submitted to the insurance company. If an owner submits a claim that is found to be a result of his or her own improper actions, negligence, omissions and/or failure to maintain his or her unit (including utilities that may in inside the wall servicing that unit), he or she will be solely responsible for the deductible (\$5,000.00) and any damages caused to other Units or the Common Elements. To the extent the Board of Directors decides not to submit such claim to the insurance company or the claim is denied, that owner shall be individually responsible for all necessary repairs and damages including to other units and the Common Elements. This rule will also apply for any damage caused to one or multiple units as a result of negligence by an owner. Please note that the Association does not provide police or security services so each owner is responsible for their own safety, nor is the Association responsible for any personal property belonging to the owner. All owners should have a HO-6 or Form 6 Homeowners policy for their personal property and contents that includes a provision called Coverage A - Dwelling. This is the policy provision that should allow unit owners to cover their responsibility for the Association's deductible or by another provision called Loss Assessment. It is strongly recommended that each unit owner contact his/her Homeowners insurance carrier to determine what Dwelling and Loss Assessment coverage is included in their HO-6 policy and how their carrier recommends providing coverage for the Association's deductible. Each owner is responsible to obtain adequate insurance coverage for a rental home and personal belongings.

IX. SIGNS & OTHER DISPLAYS

No signs shall be placed in the Common Elements, entrance to the community, or any other portion of the community including the interior windows of any unit. Signs of any nature, including but not limited to "for sale" or "for rent" signs, are prohibited.

X. ENFORCEMENT PROCEDURES

Anyone observing a violation should notify the Property Manager in writing.

For proper documentation, such notification should be provided in writing or E-mail and include the name and unit number of the person(s) in violation (if known) and the date, time, and location of the violation. Be sure to include your own name, address, and phone number. Reports will be handled confidentially (within reason or unless disclosure is legally required), but the information must be supplied to validate the violation(s) and pursue any legal action when necessary. The following procedures will apply for most general violations – depending upon the type and severity of the violation, the Board may vary from this procedure:

A. Notification

1. First Notice: Notice of violation(s) will be sent in writing to the owner(s) by mail (in the case of a rental unit, a notice will be sent to the resident and the owner or authorized representative if an address has been furnished to the Association).
2. Second Notice: Failure to correct the violation in the allotted time (if designated in the first letter) will result in a second notice being sent to the owner (in the case of a rental unit, the notice will be sent to the resident and the owner or authorized representative) offering the owner an opportunity for a hearing before the Board at the next scheduled board meeting.
3. Hearing: Any legal or statutory rule of evidence and procedure shall not apply to the hearing, and the Board may restrict testimony or proceed in any manner or order which it deems appropriate. The Board may proceed with the hearing even if the violator fails to appear or refuses to participate. The Board may modify its procedures for particular circumstances, and any modification or non-compliance with these governing documents shall not invalidate or impair any fine or other enforcement.

B. Fines

1. Following a hearing, any owner, occupant or other person who violates the governing documents or any portion thereof, shall be subject to a minimum fine of \$50.00 per violation per day. In addition, the owner will be liable for actual cost investigation, legal fees, demand letters, and costs of other measures. Owners of Units shall be responsible for the compliance of their tenants, occupants, and guests and any violation and/or fines caused by such person. In addition, following a hearing, the Association may suspend voting rights and may exercise other rights and remedies, as well as taking legal action, including recovery of costs, expenses, and reasonable attorney fees and may file a lien against the unit which may be foreclosed as provided by the CC&R'S.
2. Fines are due and payable within thirty (30) days after date the fine was imposed. Fines will be considered delinquent thirty (30) days after the due date. Fines, along with unpaid assessments, shall accrue interest and late fees as provided in the CC&R's. Payment of an assessed fine does not relieve the violator from the responsibility of correcting the covenant violation.

C. Owner / Agent / Tenant Responsibility

1. Owners shall be responsible for violations committed by their guests, contractors, family members, agents, or tenants. The Board may proceed against the owner, the individual violating the rule, or both.

2. Each owner may use the Common Elements in common with the other Unit owners and the limited common elements in accordance with the purpose for which they were intended, without hindering or encroaching upon the lawful rights of the other owners. All owners shall be obligated to pay the assessments imposed by the Board or Property Manager of the Association to meet the common expenses.

XI. ASSESSMENTS / LATE FEES / COLLECTION COSTS

The Association dues for Highlands @ Stonegate North vary depending on the size and if a garage was purchased with the unit. Dues are due on the first of the month and late after the 15th. The Association's Declarations and Bylaws specify a \$15.00 late fee if not received on or before the 15th. A coupon booklet and mailing labels will be sent to you the month after your closing. Until the booklet comes, please mail your check, payable to **Highlands @ Stonegate North COA**, with your address in the memo section to **Dept. L.B. (Highlands @ Stonegate North), P.O. Box 15749, Colorado Springs, CO 80935-5749**. If you have not received the coupon booklet within a month, please contact Z & R. The coupon booklet is only a helpful reminder of your dues. Not receiving the coupon booklet **will not** exempt you from Association late fees if payments are not received.

The dues for the Stonegate Village HOA (the Master Association for the Stonegate Community) are included in your monthly dues to the Highlands HOA so if you receive an invoice from Stonegate Village HOA, please disregard it. Because of The Highlands' membership in Stonegate Village, the amenities of the Master Association are available to you. These amenities include the nearby pool, tennis courts, playing fields, jogging paths and the park and trails located off of Stonegate Parkway.

Please note that paying the current month's assessment **will not exempt you from late fees or interest** if you have a past due balance as a result of delinquent assessments, late fees, interest, legal fees, fines. Payments are applied first to the oldest past due assessments, late fees, attorneys' fees and costs then to the current assessments then due. The following is a chronological sequence of the steps the Board takes to collect any past due assessments. In any case, the Association will issue monthly statements on all past due accounts:

1. When any account reaches three (3) months in past due assessments, legal fees, late fees, assessment fines, etc., the account will be turned over to the Association's legal firm. Three months is an amount, not a time frame, so any amount owed that exceeds three months of assessments will trigger legal action.
2. A Demand Letter will be issued by the Association's legal firm and the cost of that document is added to the owner's ledger.
3. In the Demand Letter, a 30-day time period is provided to satisfy the account in full.
4. If the deadline issued in the Demand Letter is not met, a lien is then placed on the Unit and the cost of that service is added to the owner's ledger.
5. The account is continually monitored for payment, and if necessary, the legal firm will pursue foreclosure on the unit in arrears.

XII. AMENDMENT AND GENERAL PROVISIONS

A. General

1. The Board hereby reserves the right, at any time, and from time to time, to modify, amend, repeal, or recommend amendments to these Rules and Regulations in accordance with the CC&R's, the Articles of Incorporation and Bylaws of the Association, and applicable law.
2. Failure by the Association, the Board, or any person to enforce any provision of these Rules and Regulations shall in no event be deemed to be a waiver of the right to do so thereafter.
3. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular, and the use of any gender shall include all genders.
4. The provisions of these Rules and Regulations shall be deemed to be independent and severable, and the invalidity of any one or more of the provisions hereto, or any portion thereof, by judgment or decree of any court of competent jurisdiction, shall in no way affect the validity or enforceability of the remaining provisions, which shall remain in full force and effect.
5. The captions to the sections are inserted herein only as a matter of convenience and for reference, and are in no way to be construed so as to define, limit or otherwise describe the scope of these Rules and Regulations or the intent of any provision hereto.
6. The Association shall be entitled to recover its attorney's fees and any administrative expenses in any enforcement of the CC&R's or these Rules and Regulations, or both.

XIII. PROPERTY MANAGEMENT

Z & R Property Management (Darren Burns or Devin Smith)
6015 Lehman Drive, Suite 205
Colorado Springs, CO 80918
Office: 866-628-5594 (Toll Free)
Fax: 719-884-4496
E-mail: Zandrmgt@aol.com

Additional copies of this booklet are available
from the property management company.